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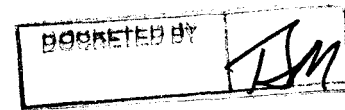
Attorneys for Respondents

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JAN 29 2013



BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of:

CHRISTOPHER DEAN DEDMON
CRD#3015575 and KIMBERLY DEDMON,
husband and wife,

ROBERT R. COTTRELL (a.k.a "ROB
COTTRELL"),

SDC MONTANA CONSULTING, LLC (a.k.a.,
d.b.a., a.b.n. "SDC MONTANA" and "SDC
MONTANA OIL & GAS EXPLORATION"),
an Arizona limited liability company,

RSC ADVENTURES LLC, an Arizona limited
liability company,

Respondents.

DOCKET Nos.: S-03479A-12-0360

**RESPONDENTS CHRISTOPHER
DEAN DEDMON, KIMBERLY
DEDMON, AND SDC MONTANA
CONSULTING, LLC'S MOTION FOR
DISCLOSURE OF INFORMATION
AND REQUEST FOR SUBPOENA TO
CLEAR ENERGY SYSTEMS, INC.**

Respondents Christopher Dean Dedmon ("Mr. Dedmon"), Kimberly Dedmon, and SDC Montana Consulting, LLC ("SDC") (collectively "Respondents") respectfully request that the Arizona Corporation Commission (the "Commission") direct the Securities Division to produce certain Clear Energy Systems, Inc. ("Clear Energy") investor information as described below. The Clear Energy matter was resolved by Consent Order in 2005, and Mr. Dedmon wishes to pay any amounts still owed

1 pursuant to that matter. He believes, however, he is entitled to a significant set-off and needs basic
2 investor information to determine whether he still owes money to Clear Energy investors and if so, how
3 much. The Securities Division refuses to provide the requested information, which harms Mr. Dedmon,
4 but more importantly, prevents the Clear Energy investors from being paid any amounts they may still
5 be owed.

6 **I. FACTUAL BACKGROUND**

7 Two separate but related Commission proceedings are at issue: the SDC Montana, *et al.* matter
8 pending before the Commission (S-03479A-12-0360) (the "SDC Matter" or "SDC") and a prior Order
9 entered in 2005 (*In the matter of Christopher D. Dedmon, et al.*; (S-03479-05-0000)) (the "Clear
10 Energy Matter," or "Clear Energy"; attached hereto as Exhibit A.) SDC has more than repaid all
11 investors involved in the SDC matter; *it has paid approximately \$1.35 million to a group of*
12 *entities/individuals who invested a total of \$645,000.* Mr. Dedmon hopes this will enable him to resolve
13 the SDC Matter in the very near future. He also wishes to resolve the Clear Energy Matter and repay
14 any remaining amounts owed to those investors, but serious issues exist regarding the proper amount
owed to the Clear Energy investors.

15 The Securities Division, however, has stymied Mr. Dedmon's efforts to repay the Clear Energy
16 investors by refusing to provide the information he needs to verify whether he still owes anything. Mr.
17 Dedmon provided much of this same information to the Commission several years ago, but no longer
18 has copies. Respondents also believe the Securities Division subpoenaed and received information
19 from Clear Energy related to its prior Order, but has chosen not to share it. This information would
20 likely assist Mr. Dedmon in determining whether and how much he owes any Clear Energy investors.

21 Respondents respectfully ask the Commission to give him an opportunity to comply with the
22 Commission's prior order by directing the Securities Division to produce any information it has that
23 may help verify whether and how much Mr. Dedmon owed the Clear Energy investors.

24 **A. Clear Energy**

25 The Commission's prior Order, entered on September 23, 2005 as Decision No. 68160, involved
26 the offer and sale of Clear Energy stock. Clear Energy designs, manufactures, and distributes power
27 generation systems in the United States and internationally. It serves retailers, manufacturers, data
centers, and office and residential buildings. The company is thriving; it is investing approximately \$10

1 million to construct a 158,000 square foot manufacturing facility in Tempe. (June 19, 2012 *Arizona*
2 *Republic* article titled "Clear Energy Systems plans new HQ, 225 jobs"; attached hereto as Exhibit B.)
3 Given these circumstances Clear Energy stock likely has substantial value. Mr. Dedmon helped form
4 the company, but is no longer associated with it and does not have access to Clear Energy's records.

5 In its prior Order, the Commission ordered Mr. Dedmon to pay restitution to Clear Energy
6 investors in the amount of \$656,676.87 at a 5% interest rate, "*subject to any legal set-offs.*" (See Clear
7 Energy Order, at p.4; A.A.C. R14-4-308(C)(1)(c)). One of the Commission's claims was that Mr.
8 Dedmon had not issued (or caused Clear Energy not to issue) stock certificates to all investors. After
9 the Commission entered its prior Order, Mr. Dedmon dutifully caused the appropriate stock to be
10 issued. Respondents believe the Securities Division has long been aware of Mr. Dedmon's compliance
11 with the Clear Energy Order.

12 Mr. Dedmon wishes to satisfy his obligations under the Clear Energy order. Because he
13 provided stock to the Clear Energy investors, however, he believes the restitution amount in the
14 Commission's prior Order is incorrect because it does not take into account the value of the stock issued
15 to the investors or, alternatively, the amount received upon any sales of stock. (See Clear Energy Order,
16 at p.4; A.A.C. R14-4-308(C)(1)(c)).

17 Although Clear Energy is not publically traded, the company has undoubtedly been successful
18 and its stock likely has substantial value. Similarly, some of the relevant investors may have since sold
19 their shares. If this is the case, Mr. Dedmon may not owe the investors anything, or far less than what
20 he was previously ordered to pay. Mr. Dedmon seeks the Commission's cooperation with his efforts to
21 determine the value of the stock owned by the Clear Energy investors, and, where appropriate, the
22 value(s) at which certain investors re-sold their Clear Energy stock. After accounting for all set-offs he
23 hopes to quickly re-pay any remaining amounts he owes.

24 **B. SDC**

25 The Securities Division initiated the SDC Matter on August 10, 2012 (the "SDC Notice"). The
26 Securities Division filed the SDC Notice under the same principal Docket Number as the Commission's
27 Clear Energy prior Order: S-03479. (August 10, 2012 Notice of Opportunity for Hearing; attached
hereto as Exhibit C.) The SDC Notice alleges, in pertinent part, that Mr. Dedmon failed to disclose the
Clear Energy Order when he offered SDC securities. The SDC Notice also alleges that, as of July 2012,

1 Mr. Dedmon and his spouse had paid only \$16,276 of their obligations under the Clear Energy. As
2 alluded to above, this number is inaccurate and must be updated to properly reflect amounts already
3 paid by Mr. Dedmon and/or already received by Clear Energy investors.

4 As to SDC, a total of 16 individuals or entities paid a total of \$645,000 to SDC or RSC
5 Adventures LLC to purchase "points" in SDC. To date, SDC has paid approximately \$1.35 million to
6 the point-holders, and fully expects to pay more. This is virtually unprecedented in Commission
7 matters. Given these extraordinary circumstances, Mr. Dedmon hopes to resolve the SDC matter in the
8 near future. Similarly, by seeking information regarding Clear Energy, Mr. Dedmon's intentions are
9 undoubtedly clear; he wants to determine what he rightfully owes the Clear Energy investors so he can
10 repay them and put that matter behind him also. All he needs is some very basic information;
11 information the Securities Division is unwilling to provide.

12 **C. The Securities Division has Hindered Mr. Dedmon's Attempts to Comply with the**
13 **Clear Energy Order.**

14 Mr. Dedmon's efforts to pay all Clear Energy investors long predate the Commission's SDC
15 Notice. In an August 9, 2012 email, the Securities Division advised Mr. Dedmon's counsel that he was:

16 free to bring any evidence he can produce showing that he has satisfied his
17 restitution obligations under the [Clear Energy] Order and removed the
18 fraud associated with the transaction. This might include, for example
19 sufficient evidence that the stock purchasers received money or property
20 equal in value to the restitution amount owed.

21 (August 9, 2012 e-mail from Ryan Millecam to Burton Bentley; attached hereto as Exhibit D.)

22 To do so Mr. Dedmon's counsel sought the names, addresses and telephone numbers of the
23 relevant investors. (*Id.*) The Securities Division flatly denied Mr. Dedmon's request, stating that the
24 Commission was "bound by statute to keep materials relating to its investigations confidential.
25 Included in those confidential materials are any identifying or contact information." (*Id.*)

26 Mr. Dedmon continued his settlement efforts after the SDC Notice was filed, and made another,
27 more detailed, request for Clear Energy investor information. On September 14, 2012, counsel for Mr.
Dedmon sent an e-mail to the Securities Division that read, in pertinent part:

We are anxious to resolve not only the pending matter, but to address the
lingering restitution issues related to the Omni Matter (S-03479A-05-

0000/Decision NO. 68160). I understand that Mr. Dedmon substantially complied with that Order by working with Clear Energy to ensure the lawful transfer of Clear Energy stock to several investors, and that these investors have been made whole (or greater than whole). I also understand that there are some investors who did not receive stock and to whom Mr. Dedmon owes restitution. He wishes to pay them back, in full, at the earliest possible time. In order to do so, we need some very basic information, which includes the following:

1. The names, addresses and telephone numbers of all of the individuals to whom Mr. Dedmon sold Clear Energy stock, and who subsequently received stock directly from Clear Energy.
2. The amount they paid for the shares and the amount of shares issued to those individuals.
3. The value of the shares and whether these individuals have received full restitution.
4. All documents the investors signed in connection with the issuance of their Clear Energy stock by the company.
5. The names, addresses and telephone numbers of all of the individuals to whom Mr. Dedmon sold Clear Energy stock, but who did not ultimately receive stock from the company.
6. The amounts the above paid for their stock and the total amount of restitution the ACC believes is owed to them.
7. Any other amounts the ACC believes Mr. Dedmon owes in connection with the Omni matter.

This request is made pursuant to A.R.S. § 44-2042(A) and for the purpose of identifying all of the investors to whom Mr. Dedmon owes money so he can pay them back and resolve the pending judgment against him and his wife. Mr. Dedmon provided much of this information to the ACC and it is most definitely not contrary to the public interest to release the information. Indeed it is in the best interests of the public, the investors and the ACC that Mr. Dedmon receive this information so he can satisfy his obligations.

(September 14, 2012 e-mail from Alan Baskin to Ryan Millecam; attached hereto as Exhibit E.)

In response, the Securities Division produced a minimal list containing the names of Clear Energy investors and the amounts the Commission believes were invested. (November 16, 2012 letter from Ryan Millecam to Alan Baskin; attached hereto as Exhibit F.) The Securities Division did not

1 provide this limited information until November 16, 2012, over 2 months after Mr. Dedmon made his
2 initial request. In subsequent conversations, the Securities Division has reiterated its position, leaving
3 Mr. Dedmon no alternative but to file this motion and/or seek other relief.¹

4 **II. THE COMMISSION MUST ORDER THE SECURITIES DIVISION TO PRODUCE**
5 **THE REQUESTED INFORMATION.**

6 A.R.S. § 44-2042 protects certain information collected during the course of the Securities
7 Division's investigations. A.R.S. § 44-2042, however, also allows for the disclosure of names,
8 information, and documents, provided that such disclosure is not contrary to the public interest. Names,
9 information, and documents that the Commission makes a matter of public record by filing the
10 information with a public tribunal are not protected by the statute. A.R.S. § 44-2042(A).

11 Statutes such as A.R.S. § 44-2042 do not create an absolute privilege for the Commission to
12 withhold records and information; rather, Arizona courts determine what is "confidential." *Catrone v.*
13 *Miles*, 215 Ariz. 446, 453, 160 P.3d 1204, 1211 (App. 2007.) The Arizona Court of Appeals examined
14 A.R.S. § 44-2042 in *Slade v. Schneider*, 212 Ariz. 176, 129 P.3d 465 (App. 2006). In *Slade*, the
15 respondent requested information from the Commission directly paralleling the information requested
16 by Mr. Dedmon, namely: (1) the identities of investors who made specific allegations against the
17 respondent; and (2) information and documents gathered in the course of the Commission's
18 investigation of the respondent for securities violations. *Id.* at 177, 466.

19 The Court of Appeals held that by including a Commission investigator's affidavit when the
20 Commission filed its complaint, "the Commission ma[kes] a matter of public record *all* of the
21 information contained in the investigator's affidavit." *Id.* at 182, 471 (emphasis added). The
22 Commission was required to disclose the names of the investors referred to in the investigator's entire
23 affidavit (even though only a portion of the affidavit was disclosed) as well as materials upon which the
24 investigator relied in compiling or assessing the information disclosed in the affidavit. *Id.* at 182, 471.
25 A.R.S. § 44-2042 and the cases interpreting its scope and purpose support the conclusion that the
26 Commission should and must produce the requested information.

27

¹ Respondents believe the Securities Division subpoenaed certain investor information from Clear Energy. Respondents seek access to all information the Commission received from Clear Energy in response to its request.

1 Moreover, if ever there were an instance where the release of information would be in the public
2 interest, this is it. Mr. Dedmon wants the Securities Division's cooperation so he can make investors
3 whole. He has shown his good faith by making the SDC investors far more than whole. By denying his
4 request, the Securities Division harms those it purports to protect; the Clear Energy investors. There is
5 no basis to impugn Mr. Dedmon's credibility or motives. He merely wants to do the right thing.

6 Mr. Dedmon needs to know what happened with the stock held by the Clear Energy investors,
7 the amount received in connection with any sales and the stock's value today. To the extent the
8 Commission has *any* information that would assist him, Mr. Dedmon is entitled to it. Indeed, Mr.
9 Dedmon (and his counsel) are stunned that the Securities Division is not cooperating to the fullest
10 extent to ensure that all investors are fully repaid.

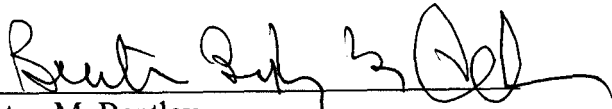
11 Of course, the information Mr. Dedmon seeks is no longer confidential because the Attorney
12 General's office has converted the Clear Energy Order to a judgment.² The Clear Energy order is a
13 matter of public record and *Slade* confirms that the protective scope of A.R.S. § 44-2042 is
14 inapplicable. The Commission's use of A.R.S. § 44-2042 defeats its purpose instead of serving it.

15 For the foregoing reasons, Respondents respectfully ask that the Commission immediately
16 produce the information requested in counsel's September 14, 2012 email. Additionally, Mr. Dedmon
17 requests that the Commission produce all information subpoenaed from Clear Energy so he can identify
18 and satisfy any remaining financial obligations to Clear Energy investors. Similarly, Mr. Dedmon asks
19 the Commission to issue the attached subpoena to Clear Energy. (Administrative Subpoena Duces
20 Tecum; attached hereto to as Exhibit G.) The Commission should assist Mr. Dedmon in his efforts to
21 make investors whole, not hamper his efforts. The best interests of the investors, the public,
22 Respondents, and judicial efficiency all weigh heavily in favor of granting the requested relief.
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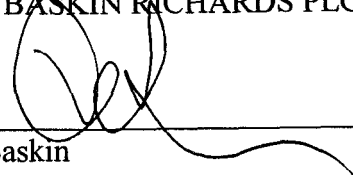
² The prior Order was recorded in the Maricopa County Recorder's Office and reduced to a judgment in the Arizona Superior Court to be enforced by the Arizona Attorney General ("AG").

1 DATED this 30th day of January, 2013.

2 THE BENTLEY LAW FIRM, P.C.

3 
4 Burton M. Bentley

6 BADE BASKIN RICHARDS PLC

7 
8 Alan Baskin

10 Attorneys for Respondents

11
12
13 Original and thirteen (13) copies hand-delivered
14 this 28th day of January, 2013, to:

15 Docket Control
16 Arizona Corporation Commission
17 1200 West Washington
Phoenix, Arizona 85007

18 COPY of the foregoing hand-delivered
19 this 28th day of January, 2013 to:

20 Matthew J. Neubert
21 Director of Securities
Securities Division
22 Arizona Corporation Commission
1300 W. Washington Street, 3rd Floor
Phoenix, AZ 85007

23 Ryan J. Millecam
24 Staff Attorney
25 Arizona Corporation Commission, Securities Division
1300 W. Washington, 3rd Floor
26 Phoenix, AZ 85007


27 

EXHIBIT A

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

Dedmon

In the matter of

CHRISTOPHER D. DEDMON,
CRD#3015575, and KIMBERLY
DEDMON, husband and wife,
8181 W. Gelding Drive
Peoria, AZ 85381

OMNI HORIZON GROUP, LLP
7019 N. 53rd Ave.
Glendale, AZ 85301

Respondents.

DOCKET NO. S-03479A-05-0000

DECISION NO. 68160

**ORDER TO CEASE AND DESIST, ORDER
OF RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES, AND
CONSENT TO SAME BY RESPONDENTS**

Respondents CHRISTOPHER D. DEDMON ("CHRIS DEDMON") and KIMBERLY DEDMON ("KIM DEDMON"), husband and wife, and OMNI HORIZON GROUP, LLP ("OMNI") ("Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, Order for Administrative Penalties, and Consent to Same by Respondents ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. CHRIS DEDMON's and KIM DEDMON's last known address is 8181 W. Gelding Drive, Peoria, Arizona 85381.

Consent Order

1 2. OMNI is an Arizona limited liability partnership established on or around August 22, 2000,
2 whose last known address was 7019 N. 53rd Ave., Glendale, Arizona, 85301. At all relevant times,
3 KIM DEDMON was the President of OMNI.

4 3. Clear Energy Systems, Inc. formerly known as Clear Horizons Energy Systems, Inc. ("Clear
5 Energy") is and was at all relevant times a privately held company, originally incorporated in the
6 State of Nevada on June 5, 2001. On or around May 17, 2002, Clear Energy filed with the Arizona
7 Corporation Commission as a foreign corporation, whose place of business was 2415 East
8 Camelback Road, Suite #700, Phoenix, Arizona 85016. On or around October 9, 2002, Clear Energy
9 filed a statement of change of known place of business to 14022 North 47th Street, Phoenix, Arizona
10 85032-5543.

11 4. On or around June 5, 2001, Clear Energy issued a stock certificate to OMNI for 5,500,000
12 shares of unregistered common stock. The certificate stated that the shares were restricted, and
13 "transferable only on the books of the Corporation by the holder hereof in person or by duly
14 authorized Attorney upon surrender of this Certificate properly endorsed." On or around January 1,
15 2002, Clear Energy issued a second stock certificate to OMNI for 500,000 shares of unregistered
16 common stock, bearing the same restrictions on transferability.

17 5. OMNI was at all relevant times the majority shareholder of the stock of Clear Energy.

18 6. From on or around September 9, 2003 through November 17, 2004, Respondents offered and
19 sold stock from the OMNI shares of Clear Energy to investors in Arizona and other states, at least
20 some of whom were unaccredited investors.

21 7. Many investors received no written disclosure or documentation concerning Clear Energy or
22 its principals. Some investors received only receipts for their investments. Some investors received
23 stock certificates representing ownership of Clear Energy stock.

24 8. Respondents distributed receipts and/or stock certificates, which they printed on their own
25 printer, to private investors. The certificates purported to transfer shares of Clear Energy stock from
26 OMNI's stockholdings. The shares were not transferred on the books of Clear Energy.

1 9. CHRIS DEDMON and KIM DEDMON agreed to transfer approximately 1,867,377 shares of
2 Omni's Clear Energy stock to approximately 100 investors in exchange for investment funds totaling
3 approximately \$535,700.

4 **II.**

5 **CONCLUSIONS OF LAW**

6 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
7 Arizona Constitution and the Securities Act.

8 2. Respondents offered or sold securities within or from Arizona, within the meaning
9 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

10 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were
11 neither registered nor exempt from registration.

12 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while
13 neither registered as dealers or salesmen nor exempt from registration.

14 5. Respondents violated A.R.S. § 44-1991 by failing to disclose that the certificates
15 were not transferred on the books of Clear Energy.

16 6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. §
17 44-2032.

18 7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-
19 2032.

20 8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-
21 2036.

22 **III.**

23 **ORDER**

24 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents'
25 consent to the entry of this Order, attached and incorporated by reference, the Commission finds
26

1 that the following relief is appropriate, in the public interest, and necessary for the protection of
2 investors:

3 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents permanently cease and
4 desist from violating the Securities Act. Respondents shall not sell any securities in or from
5 Arizona without being registered in Arizona as dealers or salesmen, or exempt from such
6 registration. Respondents shall not sell securities in or from Arizona unless the securities are
7 registered in Arizona or exempt from registration. Respondents shall not transact business in
8 Arizona as investment advisers or investment adviser representatives unless licensed in Arizona or
9 exempt from licensure.

10 IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry
11 of Order.

12 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032 and A.A.C. Rule R14-4-308,
13 that Respondents shall, jointly and severally, pay restitution to investors shown on the records of
14 the Commission in the amount of \$656,676.87, subject to any legal set-off, and shall pay interest at
15 the rate of 5% per annum from the date of this Order. Payment shall be due on the date of this
16 Order and shall be made by cashier's check or money order payable to the "State of Arizona" to be
17 placed in an interest-bearing account maintained and controlled by the Commission. The
18 Commission shall disburse the funds on a pro rata basis to investors. Any funds that the
19 Commission is unable to disburse shall be transferred to the general fund of the state of Arizona.

20 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents shall, jointly
21 and severally, pay administrative penalties in the amount of \$5,000, plus interest at the rate of 5%
22 per annum from the date of this Order until paid in full. Payment shall be made by cashier's
23 checks or money orders payable to the "State of Arizona," due and payable on the date of this
24 Order.

25 ...

26 ...

1 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the
2 Commission may bring further legal proceedings against that Respondent including application to
3 the superior court for an order of contempt.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

6
7 
8 CHAIRMAN

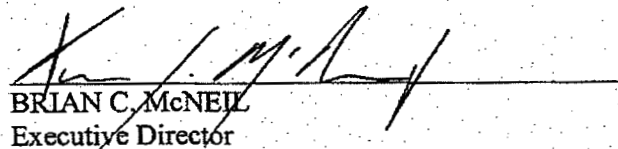
COMMISSIONER

9
10 
11 COMMISSIONER


COMMISSIONER


COMMISSIONER

12
13 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
14 Executive Director of the Arizona Corporation
15 Commission, have hereunto set my hand and caused the
16 official seal of the Commission to be affixed at the
17 Capitol, in the City of Phoenix, this 23rd day of
18 September, 2005.

19 
BRIAN C. McNEIL
Executive Director

20
21 DISSENT

22
23 DISSENT

24 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
25 to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

26 (ptj)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents CHRISTOPHER D. DEDMON ("CHRIS DEDMON") and
3 KIMBERLY DEDMON, husband and wife, and OMNI HORIZON GROUP, LLP ("OMNI")
4 ("Respondents") admit the jurisdiction of the Commission over the subject matter of this
5 proceeding. Respondents acknowledge that they have been fully advised of their rights to a
6 hearing to present evidence and call witnesses and Respondents knowingly and voluntarily waive
7 any and all rights to a hearing before the Commission and all other rights otherwise available
8 under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code.
9 Respondents acknowledge that this Order To Cease And Desist, Order of Restitution, Order for
10 Administrative Penalties, and Consent to Same ("Order") constitutes a valid final order of the
11 Commission.

12 2. Respondents knowingly and voluntarily waive any right under Article 12 of the
13 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
14 resulting from the entry of this Order.

15 3. Respondents acknowledge and agree that this Order is entered into freely and
16 voluntarily and that no promise was made or coercion used to induce such entry.

17 4. Respondents acknowledge that they have chosen not to be represented by an
18 attorney in this matter, they have reviewed this Order and understand all terms it contains.

19 5. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law
20 contained in this Order. Respondents agree that they shall not contest their validity in any present
21 or future administrative proceeding before the Commission or any other state agency concerning
22 the denial or issuance of any license or registration required by the State to engage in the practice
23 of any business or profession.

24 6. By consenting to the entry of this Order, Respondents agree not to take any action
25 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding
26 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without

1 factual basis. Respondents will undertake steps necessary to assure that all of their agents and
2 employees understand and comply with this agreement.

3 7. While this Order settles this administrative matter between Respondents and the
4 Commission, Respondents understand that this Order does not preclude the Commission from
5 instituting other administrative proceedings based on violations that are not addressed by this
6 Order.

7 8. Respondents understand that this Order does not preclude the Commission from
8 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
9 that may be related to the matters addressed by this Order.

10 9. Respondents understands that this Order does not preclude any other agency or
11 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal
12 proceedings that may be related to matters addressed by this Order.

13 10. Respondents agree that they will not apply to the state of Arizona for registration as
14 a securities dealer or salesman or for licensure as an investment adviser or investment adviser
15 representative at any time in the future.

16 11. Respondents agree that they will not exercise any control over any entity that offers
17 or sells securities or provides investment advisory services within or from Arizona at any time in
18 the future.

19 15. Respondents acknowledge and understand that if they fail to comply with the
20 provisions of the order and this consent, the Commission may bring further legal proceedings
21 against them, including application to the superior court for an order of contempt.

22 16. Respondents agree that until restitution and penalties are paid in full, Respondents shall
23 notify the Director of the Securities Division within 30 days of any change in home address and
24 any change in Respondents' ability to pay amounts due under this Order. Respondents agree that
25 they shall provide the Commission with an updated financial statement every six months from
26 entry of this Order or when any change in their ability to pay restitution occurs. Respondents agree

1 that failure to perform any action in this paragraph shall result in their being in default with any
2 outstanding balance being immediately due and payable without notice or demand.

3 17. Respondents understand that default shall render them liable to the Commission for
4 its costs of collection and interest at the maximum legal rate.

5 19. Respondents agree that they will continue to cooperate with the Securities Division
6 including, but not limited to, providing complete and accurate testimony at any hearing in this
7 matter and cooperating with the state of Arizona in any related investigation or any other matters
8 arising from the activities described in this Order.

9 20. Respondents CHRISTOPHER D. DEDMON and Respondent KIMBERLY
10 DEDMON acknowledge that any restitution or penalties imposed by this Order are obligations of
11 the Respondent as well as the marital community.

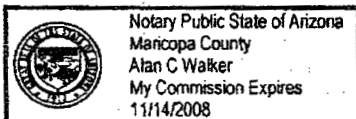
12 21. Respondents consent to the entry of this Order and agree to be fully bound by its
13 terms and conditions.

14 22. KIMBERLY DEDMON represents that she is President of OMNI HORIZON
15 GROUP, LLP and has been authorized by OMNI HORIZON GROUP, LLP to enter into this Order
16 for and on behalf of it. KIMBERLY DEDMON represents that she is authorized by law to enter
17 into this Order for and on behalf of OMNI HORIZON GROUP, LLP.


18
19 
CHRISTOPHER D. DEDMON

20 State of Arizona)
21 County of _____)

22 SUBSCRIBED AND SWORN TO BEFORE me this 9 day of August, 2005.



My Commission Expires: _____

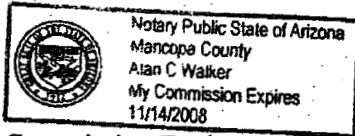

NOTARY PUBLIC

1
2
3 State of Arizona)

4 County of _____)

Kimberly Dedmon
KIMBERLY DEDMON

5
6 SUBSCRIBED AND SWORN TO BEFORE me this 9 day of August, 2005.



Alan C. Walker
NOTARY PUBLIC

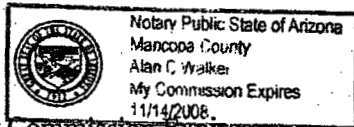
9
10
11
12 OMNI HORIZON GROUP, LLP

13
14
15 *Kimberly Dedmon*
By KIMBERLY DEDMON
Its Managing Member

16 State of Arizona)

17 County of _____)

18
19 SUBSCRIBED AND SWORN TO BEFORE me this 9 day of August, 2005.



Alan C. Walker
NOTARY PUBLIC

EXHIBIT B

Clear Energy Systems plans new HQ, 225 jobs

by J. Craig Anderson - Jun. 19, 2012 11:31 AM
The Arizona Republic

A Tempe company has broken ground on a new headquarters and manufacturing plant, a move that will create about 225 jobs over the next three years, the company said.

The portable power-generating systems to be built by Clear Energy Systems at the planned 158,000-square-foot facility, located at 7825 S. Hardy Drive in Tempe, will generate 1 megawatt of electricity, the company said, enough to power 250 homes at once.

The generators will operate on natural gas or other spark-ignited fuels, such as biofuel, or liquid gases, such as methane. The units will be ideal for remote oil exploration or mining, according to Tony Carmen, the company's CEO.

Each unit will be relatively light at about 15,000 pounds, about a third the size of a conventional diesel generator, and could also be transported by helicopter to provide quick power after natural disasters and other emergencies, according to Carmen.

The new plant represents an investment of about \$10 million, on top of about \$30 million Clear Energy Systems already has invested in developing its Genesis 1000 power generating systems, the company said.

The products will be distributed worldwide, possibly including China, Carmen has said. The company considered Arizona and Michigan for the new site but Arizona offered better incentives, he said.

Arizona Commerce Authority officials have said the incentives will be performance-based, as laid out in the state's 2009 Renewable Energy Tax Incentive Program.

Clear Energy Systems also may be able to tap into a \$25 million deal-closing fund legislators created in 2011.

EXHIBIT C

ORIGINAL NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

Arizona Corporation Commission

DOCKETED

AUG 10 2012

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ARIZONA CORPORATION COMMISSION
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In the matter of:

CHRISTOPHER DEAN DEDMON
CRD#3015575 and KIMBERLY DEDMON,
husband and wife,

ROBERT R. COTTRELL (a.k.a. "ROB
COTTRELL"),

SDC MONTANA CONSULTING, LLC
(a.k.a., d.b.a., a.b.n. "SDC MONTANA" and
"SDC MONTANA OIL & GAS
EXPLORATION"), an Arizona limited
liability company,

RSC ADVENTURES LLC, an Arizona
limited liability company,

Respondents.

DOCKET NO. S-03479A-12-0360

**NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO
CEASE AND DESIST, ORDER FOR
RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
ORDER FOR OTHER AFFIRMATIVE
ACTION**

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents CHRISTOPHER DEAN DEDMON CRD#3015575, ROBERT R. COTTRELL (a.k.a. "ROB COTTRELL"), SDC MONTANA CONSULTING, LLC (a.k.a., d.b.a., a.b.n. "SDC MONTANA" and "SDC MONTANA OIL & GAS EXPLORATION"), and RSC ADVENTURES, LLC, have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

1 The Division further alleges that Respondent CHRISTOPHER DEAN DEDMON
2 ("DEDMON") directly or indirectly controlled Respondent SDC MONTANA CONSULTING,
3 LLC ("SDC") within the meaning of A.R.S. § 44-1999; DEDMON is jointly and severally liable
4 with, and to the same extent as SDC, for the SDC's violations of the anti-fraud provisions of the
5 Securities Act.

6 **I.**

7 **JURISDICTION**

8 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
9 Arizona Constitution and the Securities Act.

10 **II.**

11 **RESPONDENTS**

12 2. At all relevant times, Respondent DEDMON has been a married man and an
13 Arizona resident.

14 3. At all relevant times, DEDMON has been offering and selling limited liability
15 company ("LLC") membership interests issued by Respondent SDC (a.k.a., d.b.a., a.b.n. "SDC
16 MONTANA" and "SDC MONTANA OIL & GAS EXPLORATION") within or from Arizona as
17 its member, managing general partner and investment salesman.

18 4. At all relevant times, DEDMON has not been registered by the Commission as a
19 securities salesman or dealer.

20 5. At all relevant times, Respondent ROBERT R. COTTRELL (a.k.a. "ROB
21 COTTRELL") ("COTTRELL") was an Arizona resident.

22 6. At all relevant times, COTTRELL has been offering and selling LLC membership
23 interests issued by SDC: (a) in his individual capacity; (b) on behalf of SDC as its member, partner
24 and investment salesman; and (c) on behalf of Respondent RSC ADVENTURES, LLC ("RSCA")
25 as its managing member and investment salesman.
26

1 7. At all relevant times, COTTRELL has not been registered by the Commission as a
2 securities salesman or dealer.

3 8. SDC was organized as an Arizona limited liability company on or about July 19,
4 2010. At all relevant times, SDC's operating agreement has stated that SDC is a manager-managed
5 LLC. At all relevant times, SDC has maintained a place of business in Peoria, Arizona, and it has
6 been issuing, offering and selling LLC membership interests issued by SDC within or from Arizona.

7 9. SDC has not been registered by the Commission as a securities dealer.

8 10. RSCA was organized as a manager-managed LLC on January 19, 2011. At all
9 relevant times, RSCA has maintained a place of business in Peoria, Arizona, and it has been offering
10 and selling LLC membership interests issued by SDC within and from Arizona.

11 11. RSCA has not been registered by the Commission as a securities dealer.

12 12. DEDMON, COTTRELL, SDC and RSCA may be referred to as "Respondent(s)."

13 13. Respondent KIMBERLY DEDMON has been at all relevant times an Arizona
14 resident and the spouse of DEDMON. KIMBERLY DEDMON may be referred to as "Respondent
15 Spouse." Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes
16 of determining the liability of the respective marital community with DEDMON.

17 14. At all relevant times, DEDMON has been acting for his own benefit, and for the
18 benefit or in furtherance of the community with Respondent Spouse.

19 **III.**

20 **FACTS**

21 **A. Respondents' Oil and Gas Business**

22 15. At all relevant times, Respondents have been representing to offerees and
23 investors within and from Arizona that Respondents are engaged in oil and gas exploration and
24 development, including the procurement of oil, gas and mineral rights (the "Business").
25
26

1 16. As generally explained on the "Home" page of Respondents' website at
2 www.sdcmontana.com ("Website");

3 SDC Montana is an oil and gas firm based in Plentywood, MT that assists in the
4 acquisition, development, and exploration of oil and natural gas in the Bakken [oil
5 shale] rock formation [located, in part, within Montana]...

6 Currently, SDC Montana has operations across Roosevelt, Sheridan and Daniels
7 counties of Montana covering over 175,000 acres of prospect land and continues to
8 grow in size.

9 17. Respondents' Website includes several color photos of oil and gas wells. The
10 "Current Projects" page of the Website further includes maps regarding Respondents' Montana
11 oil and gas claims and/or Business operations.

12 18. Prior to February 2012, the Website included an "Investors" page that: (a) stated
13 that "Investors Information" [sic] is "Coming Soon;" and (b) included two telephone numbers
14 and an email address that potential investors could use to request additional information from
15 Respondents (the "Investor Page").

16 19. At all relevant times, potential Arizona investors could also request additional
17 information from Respondents by completing a form on the "Contact Us" page of Respondents'
18 Website.

19 **B. The LLC Membership Interests and Summary of Offering**

20 20. From approximately July 2010 through at least October 2011, Respondents issued,
21 offered and sold, within and from Arizona, LLC membership interests in SDC (the "Membership
22 Interests").

23 21. The Membership Interests have not been registered with the Commission as
24 securities to be offered and sold within or from Arizona.

25 22. At all relevant times, Respondents have referred to these Membership Interests as
26 "points" such that a one-percent Membership Interest equals one point.

1 23. At or around the time SDC was organized in July 2010, SDC issued to SDC's
2 three founding members Membership Interests totaling 100 points with 40 points going to
3 DEDMON, 30 points going to COTTRELL, and 30 points going to a third LLC member.

4 24. From approximately July 2010 to October 2011, Respondents sold Membership
5 Interests totaling 34.375 points to 13 different investors. Eight of these investors resided in
6 Arizona; the remaining five investors resided in Florida, North Dakota and Wisconsin.

7 25. These 13 investors invested a total of approximately \$519,000 in SDC.

8 26. Principal investment amounts ranged from \$6,000 (for .125 of a point) to
9 \$233,000 (for 13 total points).

10 27. The proceeds from these sales went to SDC for its general use.

11 28. Several investors also received the following documents from SDC:

12 a) At least four investors received a one-page "Confidential Disclosure
13 Agreement" to be completed by the investor and his/her spouse (the "Confidentiality
14 Agreements");

15 b) At least five investors received a one-page "Stock Registration Form"
16 written on SDC company letterhead which to be completed by investors to let
17 Respondents know, for instance, how their SDC Membership Interests should be titled;
18 and

19 c) At least six investors received a copy of the five-page SDC "Limited
20 Liability Company Operating Agreement" ("Operating Agreement").

21 29. Each copy of the Operating Agreement given to each investor was identical except
22 in two regards: 1) the signature page would have the investors name as a signee and 2) the list of
23 members would list the persons who were members at the time of signing.

24 30. The Operating Agreement states that SDC is a "Manager-Managed" LLC and that
25 DEDMON is SDC's "Managing General Partner"; at all relevant times, DEDMON has acted in
26 this capacity.

1 31. None of these documents contain any disclosure of risk related to the purchase of
2 the Membership Interests.

3 32. The Operating Agreement states that DEDMON must approve "[a]ll sales or
4 assignments of any" Membership Interests.

5 33. As Managing Partner, DEDMON approved several transactions in which
6 Membership Interests were resold.

7 34. Respondents RSCA and COTTRELL have resold RSCA's Membership Interests
8 totaling approximately 2.4 points to five different persons for a total of \$80,000 from January
9 2011 to November 2011.

10 35. Respondent COTRELL told at least one investor that the investment was a "slam
11 dunk" and "risk free."

12 **C. The Arizona Offeree**

13 36. In September and October 2011, an Arizona resident (the "offeree") viewed
14 Respondents' Website and the "Investors" page from Arizona.

15 37. On October 6, 2011, the offeree called the telephone number listed on the
16 "Investors" page of the Website and left a message providing the offeree's Arizona telephone
17 number (*i.e.*, 480 prefix), and stated that the offeree wanted to speak to someone about pursuing a
18 potential investment opportunity with SDC.

19 38. On October 6, 2011, DEDMON telephoned the offeree to follow up on the
20 offeree's investment inquiry. The offeree was unavailable and DEDMON left a voice mail
21 message for the offeree that stated: (a) that the caller was DEDMON with "SDC Montana;" and
22 (b) provided the offeree with DEDMON's Arizona telephone number (*i.e.*, 602 prefix).

23 39. On October 7, 2011, the offeree called DEDMON's Arizona telephone number
24 and spoke to DEDMON. During this call, the offeree told DEDMON that the offeree had
25 approximately \$100,000 to invest and that the offeree was contacting Respondents to see if there
26 were any private investments for sale.

1 40. In Response, DEDMON represented to the offeree during call that there were a
2 couple of SDC investors who may be willing to sell the offeree some or a portion of their
3 Membership Interests. DEDMON also told the offeree that Respondents had recently completed
4 \$22,500,000 in Business sales, that Respondents currently have "about \$15,000,000" owed to
5 Respondents, and, "in the next day or two" Respondents would execute another Business
6 "contract for about \$50,000,000."

7 41. On October 7, 2011, COTTRELL sent the offeree a text message to the offeree's
8 Arizona telephone number that stated that COTTRELL was "from SDC Montana" and that
9 DEDMON had provided COTTRELL with the offeree's contact information.

10 42. On October 11, 2011, COTTRELL sent an email to the offeree that stated that,
11 although the investment opportunity was "sold out" and was "so very close to [its] first payout,"
12 he might be willing to "let a few points go."

13 43. Attached to COTTRELL's October 11, 2011, email was a one-page "SDC
14 Montana Executive Summary." The SDC Executive Summary describes SDC's mineral-acre
15 holdings in Montana and potential joint ventures and leasing options for these holdings. It did
16 not discuss any risks associated with investing in SDC.

17 44. On October 13, 2011, COTTRELL sent an email to the offeree that states that
18 Respondents might be able to sell the offeree investments for "as low as \$40-80K," that
19 COTTRELL was working on "other possibilities" in order to sell the offeree more investments,
20 and that the investments were "great with incredible short-term and long-term return[s]."

21 45. On October 15, 2011, COTTRELL wrote an email to the offeree that states that
22 Respondents would soon realize significant Business revenues and profits, that Respondents
23 would share with investors the profits "within a matter of a couple of months at the most," the
24 payouts would be based on the points owned by each investor, and that investor payouts could
25 occur possibly much sooner.

26 46. The email did not discuss any risks associated with the investment.

1 47. The email contained projections of payouts that an SDC point-holder could obtain.
2 The projected payout from selling mineral rights had a projection labeled "our plan" of \$400,000
3 per point and a "conservative projection" of \$100,000 payout per point. The projected payment
4 from ongoing drilling activities had a "conservative projection" with a monthly payout of \$1,800
5 per point and an "our plan" monthly payout of \$36,000 per point. COTTRELL further explained
6 that under the conservative projections "an \$80,000 investment should return \$200,000 plus
7 \$3,600 per month in ongoing royalties."

8 48. On October 16, 2011, COTTRELL sent the offeree an email stating that
9 COTTRELL would likely decide to allow the offeree to purchase three of COTTRELL's
10 Membership Interests (*i.e.*, three "points") held in the name of RSCA and that the funds would
11 go from the offeree to RSC ADVENTURES LLC; the paperwork in terms of corporate
12 documents would all come directly and officially from SDC Montana LLC.

13 49. In his October 16, 2011, email to the offeree, COTTRELL also provided the
14 offeree with COTTRELL's Arizona bank account information so that the offeree could wire to
15 COTTRELL the payment for the Membership Interests.

16 50. On October 17, 2011 COTTRELL sent the offeree an email with the following
17 documents attached: Confidentiality Agreement, Cover Letter, Operating Agreement and Stock
18 Registration Form.

19 51. On October 18, 2011, COTTRELL sent an email to the offeree that included a
20 one-page, color "Memorandum of Understanding" dated October 17, 2011, and signed by
21 COTTRELL in his capacities as the Partner of both SDC and RSCA stating that RSCA was
22 selling to the offeree Membership Interests equaling a "three percent ownership" interest in SDC,
23 and that: "It is understood by all parties that the sole purpose of SDC Montana Consulting LLC is
24 for lease acquisition, drilling, and all other aspects that may pertain to oil and gas exploration in
25 the Williston Basin (Bakken Field) located in North Dakota and Montana."
26

1 52. Prior to providing the offeree with these documents and wiring instructions,
2 COTTRELL did not conduct any inquiry, or ask the offeree, a total stranger, whether the offeree
3 was an "accredited" or sophisticated investor who had, for instance, previously invested in or
4 managed an oil and gas business.

5 **D. General LLC Membership Interest Allegations**

6 53. Except for the purchasers of the 2.4 points that RSCA/COTTRELL resold for
7 COTTRELL's own benefit (described in paragraph 34 above), the majority of investors paid for
8 their Membership Interests with checks, cashier's checks, money orders or wire transfers payable
9 to SDC, and they sent the payments to SDC and DEDMON in Arizona. SDC and DEDMON
10 caused the investment funds to be deposited into Arizona and Montana bank accounts owned and
11 controlled by SDC and DEDMON.

12 54. At all relevant times, respondents SDC and DEDMON have represented to
13 offerees and investors that SDC will combine, pool or commingle the Membership Interest funds
14 together to fund and operate SDC's Business and, for instance, acquire oil, gas and mineral
15 rights, and facilitate drilling for oil and gas.

16 55. At all relevant times, respondents SDC and DEDMON further represented to
17 offerees and investors that SDC and DEDMON would manage the essential aspects of the
18 Business, and that SDC's ability to repay purchasers their principal investments and projected
19 profits was interwoven with and primarily dependent on SDC and DEDMON's business
20 expertise, operational experience and knowledge of the current Montana oil and gas industry.

21 56. For instance, the "Current Projects" and "Environmental Responsibilities" pages
22 of SDC's Website state that SDC or its agents will implement sophisticated "technologies such as
23 horizontal drilling" and "hydraulic fracturing" to "break rock along the length of a well to enable
24 the oil to flow and be extracted" from SDC's "potentially very large" oil and gas claims within
25 the Bakken oil shale rock formation.
26

1 57. The Operating Agreement further states that DEDMON, as SDC's "managing
2 general partner," has the "primary responsibility" for managing the Business and Membership
3 Interest funds, and grants DEDMON the authority to, without limitation: (a) "make all decisions"
4 on behalf of SDC; (b) purchase, sell, develop or lease SDC's assets; (c) execute loans and other
5 contracts on behalf of SDC; and (d) hire or manage employees.

6 58. To date, Membership Interest investors have not yet received back their principal
7 investment funds or promised profits.

8 **E. Respondents' Non-Disclosure of DEDMON's Previous Violations of the Arizona**
9 **Securities Act and Related Order and Consent**

10 59. On April 27, 2005, the Division filed a Notice of Opportunity for Hearing
11 Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative
12 Penalties and for Other Affirmative Action (the "Notice") against DEDMON and Omni Horizon
13 Group, LLP ("Omni"), an Arizona limited liability partnership.

14 60. The Notice ultimately resulted in the Division obtaining an "Order to Cease and
15 Desist, Order of Restitution, Order for Administrative Penalties, and Consent to Same" that
16 DEDMON and Omni executed on August 9, 2005 and was approved by the Commission on
17 September 23, 2005, as Decision No. 68160.

18 61. Decision No. 68160 includes findings of fact and conclusions of law made by the
19 Commission that DEDMON and Omni violated the registration provisions of the Securities Act,
20 A.R.S. §§ 44-1841 and 44-1842, by selling unregistered securities within and from Arizona while
21 not registered as securities salesmen or dealers. Decision No. 68160 further includes findings
22 that DEDMON and Omni violated the anti-fraud provision of the Securities Act, A.R.S. § 44-
23 1991, by failing to disclose to their investors that the stock certificates they sold would not be
24 properly transferred on the corporate books of issuing company.

25 62. In Decision No. 68160 the Commission ordered DEDMON and Omni to: (a)
26 permanently cease and desist from violating the Securities Act; (b) pay restitution to their
investors totaling \$656,676.87, with interest thereon at the rate of five percent per annum until

1 paid in full; and (c) to pay an administrative penalty totaling \$5,000, with interest thereon at the
2 rate of five percent per annum until paid in full.

3 63. In Decision No. 68160, DEDMON further agreed to never “exercise any control
4 over any entity that offers or sells securities...within or from Arizona at any time in the future.”

5 64. As of July 2012, DEDMON, his spouse and Omni had paid only \$16,276 towards
6 satisfaction of their restitution and penalty obligations as set forth in Decision No. 68160.

7 65. At all relevant times, Respondents failed to disclose Decision No. 68160 to
8 Membership Interest offerees and investors.

9 **G. Respondents’ Non-Disclosure of DEDMON’s Previous Bankruptcies**

10 66. Unbeknownst to Membership Interest offerees and investors, DEDMON and his
11 spouse voluntarily filed a Chapter 7, no-asset bankruptcy petition in the United States District
12 Court, District of Arizona, No. 2:09-bk-33352-RJH, on December 24, 2009. DEDMON’s
13 bankruptcy schedules state that he and his spouse were seeking to discharge \$3,427,189 in debt,
14 including the amount owed under Decision No. 68160, and that they had assets of only \$13,600
15 with which to satisfy said debt.

16 67. On November 15, 2010, after Respondents began offering and selling the
17 Membership Interests, DEDMON and his spouse obtained a final order discharging their debts
18 without payment to any creditors.¹ Subsequent to November 15, 2010, Respondents failed to
19 disclose DEDMON’s bankruptcy to offerees and investors.

20 68. Unbeknownst to Membership Interest offerees and investors, DEDMON and his
21 spouse also caused Omni to voluntarily file a Chapter 7 bankruptcy petition in the United States
22 District Court, District of Arizona, Case 2:09-bk-33353-RTB, on December 29, 2009.

23 69. Omni’s bankruptcy petition states that Omni is seeking to discharge \$2,048,638 in
24 debt, including the amount owed under Decision No. 68160, and that it only has assets of
25 \$50,000 from which to satisfy such debt.

26 ¹ Under 11 U.S.C. §§ 523(a)(19)(A) & (B), debts arising from violations of the Securities Act like those set forth in Decision No. 68160 are not dischargeable in Chapter 7 bankruptcy proceedings.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

76. Respondents offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

78. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

79. In connection with the offer or sale of securities within or from Arizona, Respondents directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a) Representing to offerees and investors that they could earn substantial profits in a short period of time by purchasing the SDC Membership Interests, in part, because Respondents oil and gas Business would be managed by DEDMON as SDC's managing general partner, while further failing to disclose to them that DEDMON was previously:

(1) sanctioned by the Commission for fraudulently selling unregistered securities in violation of the Securities Act as set forth in Decision No. 68160;

(2) ordered by the Commission to pay \$656,677.87 in restitution to his previous investor victims, and \$5,000 in administrative penalties;

1 (3) that as of December 2009, only \$16,272 has been paid towards satisfaction of
2 the Decision No. 68160 by DEDMON and his spouse; and

3 (4) that Decision No. 68160 permanently bans DEDMON from violating the
4 Securities Act, and from exercising any control over any entity that offers or sells securities
5 like the Membership Interests within or from Arizona;

6 b) Representing to offerees and investors that they could earn substantial profits
7 in a short period of time by purchasing the Membership Interests, in part, because
8 Respondents' oil and gas Business would be managed by DEDMON as SDC's managing
9 general partner, while further failing to disclose to them about the existence of the
10 DEDMON's 2009 bankruptcy and the related bankruptcy in which DEDMON's company
11 Omni is seeking to discharge over \$2,000,000 in debt;

12 c) Failing to disclose risks related to purchasing the Membership Interests
13 including, without limitation, risks related to the oil and gas industry;

14 d) Representing to offerees and investors that their investment was "risk free;"
15 and

16 e) Failing to disclose the Division's previous enforcement action to offerees
17 and investors and misleading investors as to the results and significance of Decision No.
18 68160.

19 80. This conduct violates A.R.S. § 44-1991.

20 81. DEDMON directly or indirectly controlled SDC within the meaning of A.R.S. § 44-
21 1999. As a result, DEDMON is jointly and severally liable with, and to the same extent as SDC for its
22 violations of the anti-fraud provisions of the Securities Act set forth above.

23 **VII.**

24 **REQUESTED RELIEF**

25 The Division requests that the Commission grant the following relief:
26

1. Order Respondents to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;

2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order that the marital community of DEDMON and Respondent Spouse be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and

5. Order any other relief that the Commission deems appropriate.

VIII.

HEARING OPPORTUNITY

Each respondent including Respondent Spouses may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a Respondent or a Respondent Spouse requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

1 Persons with a disability may request a reasonable accommodation such as a sign language
2 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
3 Bernal, ADA Coordinator, voice phone number (602) 542-3931, e-mail sabernal@azcc.gov.
4 Requests should be made as early as possible to allow time to arrange the accommodation.
5 Additional information about the administrative action procedure may be found at
6 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

7
8 **IX.**

9 **ANSWER REQUIREMENT**

10 Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing,
11 the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing
12 to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
13 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be
14 obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site
15 at <http://www.azcc.gov/divisions/hearings/docket.asp>.

16 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant
17 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
18 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
19 addressed to Ryan J. Millecam.

20 The Answer shall contain an admission or denial of each allegation in this Notice and the
21 original signature of the answering respondent or respondent's attorney. A statement of a lack of
22 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not
23 denied shall be considered admitted.

24 When the answering respondent intends in good faith to deny only a part or a qualification
25 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
26 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

Dated this 10 day of August, 2012.

17

EXHIBIT D

Rosemarie Connell

From: Ryan Millecam [RMillecam@azcc.gov]
Sent: Thursday, August 09, 2012 3:44 PM
To: 'bmb@burtonbentley.com'
Cc: Annalisa Weiss
Subject: SDC Montana - Outstanding Order against Dedmons/Omni

Mr. Bentley,

As part of our pre-filing, settlement negotiations on Tuesday, we discussed the ACC's September 23, 2005 order (the "Order") against Dedmon, Dedmon's spouse, and Omni Horizon Group. The Order found fraud in the sale of unregistered securities. The Order is a final order, consented to by respondents, that has been reduced to a transcript judgment that is enforced by the Attorney General. The Division will not revisit the Order or the Order's conclusions.

Dedmon is free to bring any evidence he can produce showing that he has satisfied his restitution obligations under the Order and removed the fraud associated with the transaction. This might include, for example, sufficient evidence that the stock purchasers received money or property equal in value to the restitution amount owed. Copies of alleged Clear Energy stock certificates, dated nearly a year after the Order, are insufficient.

Any evidence of such restitution should be sent to the Attorney General's office, with copies to the Division. The Attorney General and the Division have complete discretion about how to use or not use any evidence provided.

You should also be aware that the Division's investigations are confidential by statute. And the Division will not make public the material associated with its investigation(s) of Dedmon.

Ryan J. Millecam
Staff Attorney
Arizona Corporation Commission, Securities Division
1300 W. Washington, 3rd Floor
Phoenix, AZ 85007
(602) 542-3229 (direct line)

This message and any of the attached documents contain information from the Office of the Securities Division of the Arizona Corporation Commission that may be confidential and/or privileged. If you are not the intended recipient, you may not read, copy, distribute, or use this information, and no privilege has been waived by your inadvertent receipt. If you have received this transmission in error, please notify the sender by reply e-mail and then delete this message. Thank you.

===== This footnote confirms that this email
message has been scanned to detect malicious content. If you experience problems, please e-mail
postmaster@azcc.gov =====

8/9/2012

EXHIBIT E

Alan Baskin

From: Alan Baskin
Sent: Friday, September 14, 2012 4:15 PM
To: Ryan Millecam
Cc: Burton M. Bentley
Subject: SDC Montana

Ryan

As you know, along with Burton Bentley my firm now represents SDC and Mr. Dedmon.

We are anxious to resolve not only the pending matter, but to address the lingering restitution issues related to the Omni Matter (S-03479A-05-0000/Decision NO. 68160). I understand that Mr. Dedmon substantially complied with that Order by working with Clear Energy to ensure the lawful transfer of Clear Energy stock to several investors, and that these investors have been made whole (or greater than whole). I also understand that there are some investors who did not receive stock and to whom Mr. Dedmon owes restitution. He wishes to pay them back, in full, at the earliest possible time.

In order to do so, we need some very basic information, which includes the following:

1. The names, addresses and telephone numbers of all of the individuals to whom Mr. Dedmon sold Clear Energy stock, and who subsequently received stock directly from Clear Energy.
2. The amount they paid for the shares and the amount of shares issued to those individuals.
3. The value of the shares and whether these individuals have received full restitution.
4. All documents the investors signed in connection with the issuance of their Clear Energy stock by the company.
5. The names, addresses and telephone numbers of all of the individuals to whom Mr. Dedmon sold Clear Energy stock, but who did not ultimately receive stock from the company.
6. The amounts the above paid for their stock and the total amount of restitution the ACC believes is owed to them.
7. Any other amounts the ACC believes Mr. Dedmon owes in connection with the Omni matter.

This request is made pursuant to A.R.S. § 44-2042(A) and for the purpose of identifying all of the investors to whom Mr. Dedmon owes money so he can pay them back and resolve the pending judgment against him and his wife. Mr. Dedmon provided much of this information to the ACC and it is most definitely not contrary to the public interest to release the information. Indeed it is in the best interests of the public, the investors and the ACC that Mr. Dedmon receive this information so he can satisfy his obligations. Because Clear Energy is a publically traded company, we also believe the Division needs to produce the above because it is already a matter of public record.

Please provide the requested information at your earliest convenience. We look forward to discussing the amicable resolution of both this matter and the pending matter when we meet on Tuesday, September 18.

Thanks

Alan

Alan Baskin
Bade Baskin Richards PLC
80 East Rio Salado Parkway, Suite 511
Tempe, Arizona 85281
Telephone: 480-968-1225
Facsimile: 480-968-6255
E-mail: alan@bbrplc.com

EXHIBIT F

COMMISSIONERS
GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 388-1335
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

November 16, 2012 .

Alan Baskin
Bade Baskin Richards
80 East Rio Salado Parkway, Suite 511
Tempe, AZ 85281

RE: SDC Montana Consulting, LLC

Dear Mr. Baskin:

In response to your request, enclosed with this letter is a list of those persons whom the Division identified as investors in Docket No. S-03479A-05-0000, along with the dollar amount each investor invested.

Please call with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan J. Millicam".

Ryan J. Millicam
Staff Attorney

<u>Last Name</u>	<u>First</u>	<u>Amount</u>
Aldrich - RT	Ardelle S	10,000.00
Bensemon	Richard	1,500.00
Bohnert	Curtis & Barbara I	24,500.00
Brown	James	7,500.00
Butt	Ronald	2,500.00
Carcione	Fredrick D	3,000.00
Cebulski	Scott	2,500.00
Chalmers	Amos	10,000.00
Coombs	David	4,500.00
Crouse	Ronald S & Shelley R	7,500.00
Davenport	Todd & Joi	6,500.00
Dietrichs	Rudy	2,500.00
Ekberg	Niel Bryce	2,000.00
Engen	Robert	2,500.00
Engen	Steve	5,000.00
Engen	Robert	2,500.00
Erickson	Bradley T	4,000.00
Foote	Randall D	1,000.00
Glynn	James P	5,000.00
Glynn	Timothy	2,500.00
Guida	Michael & Pamela A	17,500.00
Guthrie	Ronald	2,500.00
Guthrie	Rick	2,500.00
Hansen	Mable Keck	4,000.00
Hendrickson	Chris	5,000.00
Jean	Katherine A	2,500.00
Jennings	Kevin J	3,500.00
Johnson	Dave & Lauri Serota	16,093.75
Klein	Mike	7,300.00
McCarthy Jr	John A & Cynthia L	1,000.00
Mercurio Jr	Phillip	5,000.00
Miller	Mark A	2,500.00
Miller	Stan & Judith	15,000.00
Modena	Michael	2,500.00
Monteleone	Anthony J & Linda M	4,000.00
Murray	Jeannie	2,500.00
Naimo	Anthony	2,000.00
Nickel	Alex Wong	2,500.00

Nickel	Dale	5,000.00
Nickel	Kevin	12,500.00
Nickel	Chase	5,000.00
Nickel	Mark	9,093.75
Nickel	Robert	50,000.00
Obeidi Sinclair's Gallery		3,000.00
Parsons	Mark	50,000.00
Pieters	Bram & Nellie	10,000.00
Pope	Linda	2,500.00
Pope Jr	Frederick E	5,000.00
Prine	Roland D or Pamela B	7,500.00
Ransom	W Irving	5,000.00
Reynolds	Ralph E & Barbara L	5,000.00
Reynolds	Rick	10,000.00
Reynolds Jr	Ralph	7,500.00
Ricci-Webb	Christine	4,000.00
Rondberg	Randy & Debbie	10,000.00
Seifman	Thomas	6,000.00
Seligmiller	Brian	7,500.00
Serota	Barry M & Cynthia A	20,000.00
Stinnett	Renee	50,000.00
Stinnett	Sharon	7,500.00
Swortzel	Richard	20,250.00
Swortzel	Robert	35,000.00
Tapella	Fred	20,000.00
Tartaglio	Edward	30,000.00
Totman	James T	500.00
Trepak	Phillip	12,500.00
Walshire	Steve	2,500.00
Warner	Morgan	3,200.00
Wengred	Robin	2,500.00
Whitten	Ruben	5,000.00
Willse	George	39,500.00
Winn	John	3,500.00
Workman	Hugh Lene	2,000.00
Workman	Kit K	9,000.00
Workman	Tony	12,000.00
Workman	Tony & Kit	6,000.00
Zobler	Eric	7,500.00

EXHIBIT G

Burton M. Bentley (Bar No.: 000980)
THE BENTLEY LAW FIRM, P.C.
5333 N. 7th St., Suite C-121
Phoenix, AZ 85014
Phone: (602) 861-3055
Fax: (602) 861-3230
E-mail: bmb@burtonbentley.com

Alan S. Baskin (Bar No. 013155)
BADE BASKIN RICHARDS PLC
80 E. Rio Salado Parkway, Suite 511
Tempe, AZ 85281
Phone: (480) 968-1225
Fax: (480) 968-6255
E-mail: alan@bbrplc.com

Attorney for Respondents

BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of:

CHRISTOPHER DEAN DEDMON
CRD#3015575 and KIMBERLY DEDMON,
husband and wife,

ROBERT R. COTTRELL (a.k.a "ROB
COTTRELL"),

SDC MONTANA CONSULTING, LLC (a.k.a.,
d.b.a., a.b.n. "SDC MONTANA" and "SDC
MONTANA OIL & GAS EXPLORATION"),
an Arizona limited liability company,

RSC ADVENTURES LLC, an Arizona limited
liability company,

Respondents.

DOCKET No.: S-03479A-12-0360

**ADMINISTRATIVE SUBPOENA
DUCES TECUM**

TO: Clear Energy Systems, Inc.
c/o Daniel McCauley, Statutory Agent
6638 E. Ashler Hills Dr.
Cave Creek, Arizona 85331

Pursuant to A.A.C. R14-3-109(O), it is ordered that you produce the documents listed on
attached Exhibit "A."

1 DATE AND TIME OF PRODUCTION:

February 15, 2013 at 10:00 a.m.

2 PLACE OF PRODUCTION:

Bade Baskin Richards PLC
80 East Rio Salado Parkway, Suite 511
Tempe, Arizona 85281

4 YOU ARE COMMANDED to produce the documents listed on attached Exhibit "A."

6 YOU HAVE BEEN SUBPOENAED BY:

Respondents Christopher Dedmon,
Kimberly Dedmon and SDC Montana
Consulting, LLC
c/o Alan S. Baskin, Esq.
Bade Baskin Richards PLC
80 East Rio Salado Parkway, Suite 511
Tempe, Arizona 85281

10 Disobedience of this subpoena duces tecum constitutes contempt of the Arizona Corporation
11 Commission and is so punishable, pursuant to A.R.S. §§ 40-424.

12 Given under the hand and seal of the Arizona Corporation Commission this ____ day of
13 _____, 2013.

16 Brian C. McNeil, Executive Secretary

EXHIBIT "A"

For the period of September 1, 2003 to the present:

1. The names, addresses, telephone numbers and e-mail addresses of all of the individuals or entities to whom Christopher Dedmon sold, gave and/or provided Clear Energy Systems, Inc. ("Clear Energy") stock, and who subsequently received stock directly from Clear Energy.

2. The amount, if any, those named in paragraph 1 paid for the shares, the amount of shares issued to those individuals by Clear Energy and the date said shares were issued.

3 All documents related to the ownership, transfer or sale of Clear Energy shares by any shareholder identified in response to paragraph 1, including, but not limited to:

- a. All communications with said shareholders;
- b. All documents related to the value of their Clear Energy stock;
- c. All documents related to the transfer of their Clear Energy stock, including date of transfer and consideration, if any, paid for the shares; and
- d. Name, address, telephone number and e-mail address of any transferees.

4. To the extent not provided in response to paragraph 3, all documents related to the ownership, transfer or sale of Clear Energy stock by the shareholders listed in attached Exhibit "B," including but not limited to:

- a. Name, address, telephone number and e-mail address for said shareholders;
- b. Amount paid for the shares, the amount of shares issued to those individuals by Clear Energy and the date said shares were issued;
- c. All communications with said shareholders;
- d. All documents related to the value of their Clear Energy stock;

1 e. All documents related to the transfer of their Clear Energy stock,
2 including date of transfer and consideration, if any, paid for the shares; and

3 f. Name, address, telephone number and e-mail address of any transferees.

4 5. All valuations of Clear Energy stock.

5 6. All documents or information reflecting or relating to the present value of Clear Energy
6 stock.

7 7. All documents signed in connection with the issuance to and/or receipt of Clear Energy
8 stock by any individual or entity identified in response to this subpoena.

9 8. The names, addresses and telephone numbers of any individuals to whom Mr. Dedmon
10 sold Clear Energy stock, but who did not ultimately receive stock from the company.

11 9. All communications with Clear Energy shareholders.
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EXHIBIT "B"

<u>Last Name</u>	<u>First</u>	<u>Amount</u>
Aldrich - RT	Ardelle S	10,000.00
Bensemon	Richard	1,500.00
Bohnert	Curtis & Barbara I	24,500.00
Brown	James	7,500.00
Butt	Ronald	2,500.00
Carcione	Fredrick D	3,000.00
Cebulski	Scott	2,500.00
Chalmers	Amos	10,000.00
Coombs	David	4,500.00
Crouse	Ronald S & Shelley R	7,500.00
Davenport	Todd & Joi	6,500.00
Dietrichs	Rudy	2,500.00
Ekberg	Niel Bryce	2,000.00
Engen	Robert	2,500.00
Engen	Steve	5,000.00
Engen	Robert	2,500.00
Erickson	Bradley T	4,000.00
Foote	Randall D	1,000.00
Glynn	James P	5,000.00
Glynn	Timothy	2,500.00
Guida	Michael & Pamela A	17,500.00
Guthrie	Ronald	2,500.00
Guthrie	Rick	2,500.00
Hansen	Mable Keck	4,000.00
Hendrickson	Chris	5,000.00
Jean	Katherine A	2,500.00
Jennings	Kevin J	3,500.00
Johnson	Dave & Lauri Serota	16,093.75
Klein	Mike	7,300.00
McCarthy Jr	John A & Cynthia L	1,000.00
Mercurio Jr	Phillip	5,000.00
Miller	Mark A	2,500.00
Miller	Stan & Judith	15,000.00
Modena	Michael	2,500.00
Monteleone	Anthony J & Linda M	4,000.00
Murray	Jeannie	2,500.00
Naimo	Anthony	2,000.00
Nickel	Alex Wong	2,500.00

Nickel	Dale	5,000.00
Nickel	Kevin	12,500.00
Nickel	Chase	5,000.00
Nickel	Mark	9,093.75
Nickel	Robert	50,000.00
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Parsons	Mark	50,000.00
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Pope Jr	Frederick E	5,000.00
Prine	Roland D or Pamela B	7,500.00
Ransom	W Irving	5,000.00
Reynolds	Ralph E & Barbara L	5,000.00
Reynolds	Rick	10,000.00
Reynolds Jr	Ralph	7,500.00
Ricci-Webb	Christine	4,000.00
Rondberg	Randy & Debbie	10,000.00
Seifman	Thomas	6,000.00
Seligmiller	Brian	7,500.00
Serota	Barry M & Cynthia A	20,000.00
Stinnett	Renee	50,000.00
Stinnett	Sharon	7,500.00
Swortzel	Richard	20,250.00
Swortzel	Robert	35,000.00
Tapella	Fred	20,000.00
Tartaglio	Edward	30,000.00
Totman	James T	500.00
Trepak	Phillip	12,500.00
Walshire	Steve	2,500.00
Warner	Morgan	3,200.00
Wengred	Robin	2,500.00
Whitten	Ruben	5,000.00
Willse	George	39,500.00
Winn	John	3,500.00
Workman	Hugh Lene	2,000.00
Workman	Kit K	9,000.00
Workman	Tony	12,000.00
Workman	Tony & Kit	6,000.00
Zobler	Eric	7,500.00